Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

The President's Daily Brief

August 23, 1974

5

~~*Top Secret*~~ 25X1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Exempt from general
declassification schedule of E.O. 11652
exemption category 5B(1),(2),(3)
declassified only on approval of
the Director of Central Intelligence

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

THE PRESIDENT'S DAILY BRIEF

August 23, 1974

PRINCIPAL DEVELOPMENTS

Greek and Turkish Cypriot leaders continue to move slowly toward peace talks. Moscow has called for the convening of an international conference on Cyprus within the UN framework. *(Page 1)*

Cairo has alerted US and UN officials that it is holding a four-day military exercise. Israel is preparing for a combined arms exercise in the Sinai on August 26 and for a nationwide mobilization exercise. *(Page 3)*

Arab diplomatic activity is intense as Egypt struggles to achieve a coordinated Arab negotiating position for the Geneva peace talks. *(Page 4)* 25X1

25X1

Iran

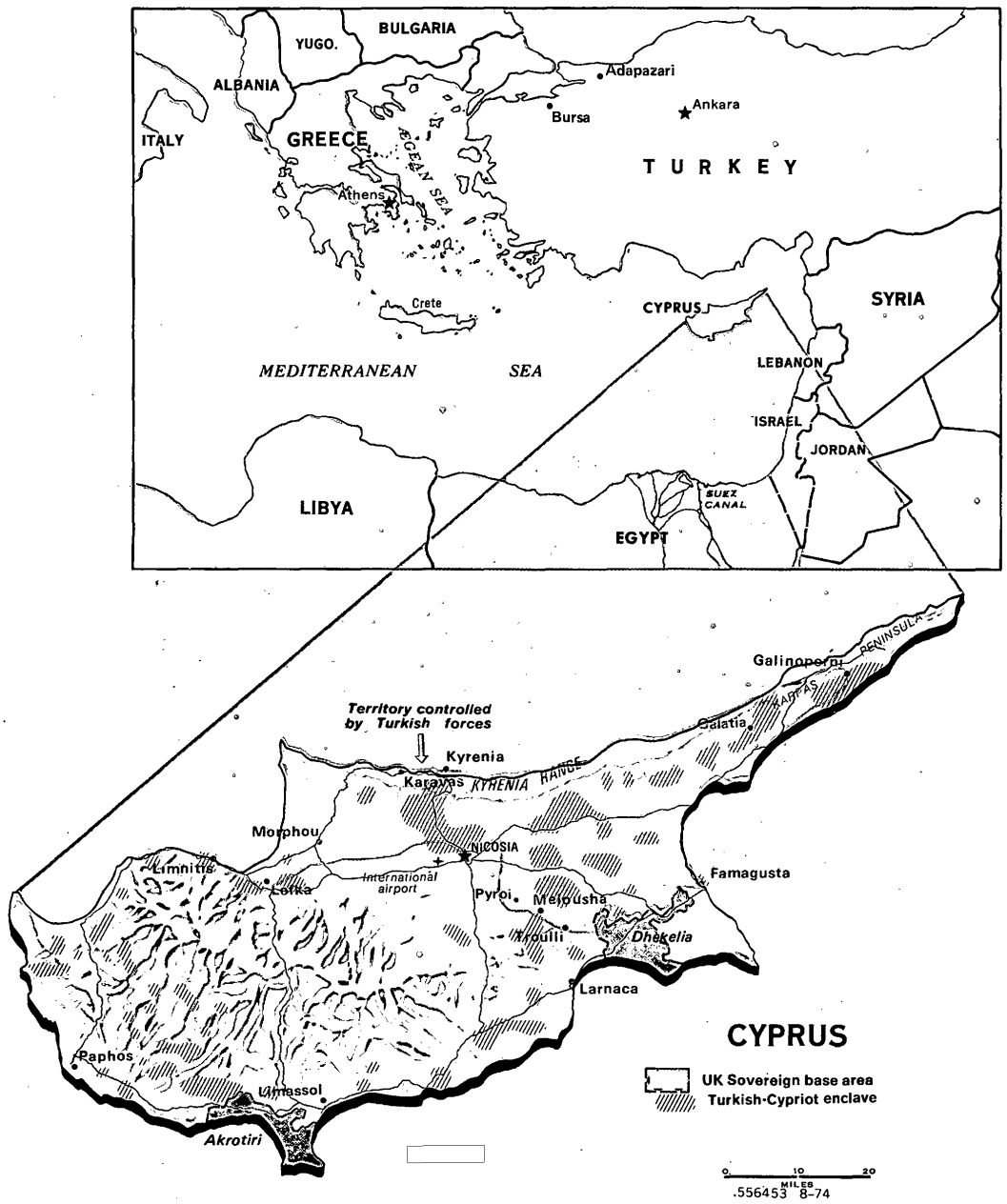
(Page 6) 25X1

West Germany is willing to help Italy secure EC assistance in financing Rome's large balance-of-payments deficit. *(Page 7)* 25X1

A note on Laos appears on *Page 8*.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0



25X1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

CYPRUS

Greek and Turkish Cypriot leaders continue to move slowly toward peace talks. Cypriot President Clerides is in Athens today discussing negotiating strategies with Greek Prime Minister Karamanlis. He is scheduled to meet Turkish Cypriot representative Rauf Denktash tomorrow afternoon in Nicosia. Clerides told US Ambassador Brown that he had the support of Karamanlis to press for negotiations that would focus on creating a federal state on the island and revising present boundaries.

25X1

25X1

Turkish Cypriot leader Denktash has stated that an independent republic will be created if Greece does not quickly agree to renew peace talks.

25X1

Although there have been no significant cease-fire violations, UN forces on the island continue to have trouble with local Turkish commanders. UN Secretary General Waldheim said today that he had rejected a Turkish demand for the withdrawal of UN forces from Turkish-held territory. Waldheim called for an increase in the 4,300-man UN force on Cyprus.

(continued)

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

* * *

The Soviets late yesterday issued their first "official government statement" on Cyprus since July 28. Moscow called for the convening of an international conference within the UN framework to protect Cyprus from outside interference, to ensure the withdrawal of all foreign troops, and to allow the Cypriots to solve their own problems. The participating states would include Cyprus, Turkey, Greece, all members of the Security Council, and other invited states, particularly from among the nonaligned countries. These states would provide guarantees of the independence and territorial integrity of Cyprus.

The proposal probably is partially aimed at the Greeks who have been seeking evidence of Moscow's support. At the same time, the Soviets continue to avoid any direct criticism of the Turks.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

EGYPT-ISRAEL

[redacted] on Wednesday that the Egyptian army was conducting a four-day exercise designed to familiarize troops with their new positions along a defensive line west of the Suez Canal. According to the Egyptian commander, no artillery or air defense guns will be moved because of limitations of the disengagement agreement, and the exercise will not be publicized to avoid raising tensions. The Egyptians also are informing UNEF representatives about the exercise to avoid any misinterpretation of what is going on. This is the first instance of Cairo's alerting US and UN officials of a major exercise--information that Cairo must assume will be passed to Tel Aviv. 25X1

Earlier this week, General Gamasy made a speech designed to reassure the Arab world, and Egyptians in particular, that Cairo's military forces were stronger than ever and fully alerted to Israeli actions. He pointed out that Cairo was both studying statements from Tel Aviv and watching the movements and partial mobilization of Israeli forces.

Israel, meanwhile, has set the stage for further military exercises. [redacted] the Israelis will conduct a combined arms exercise in the Sinai on the night of August 26. The attaché believes the exercise will involve less than one army division and that it will include tactical air support. The Israelis conducted a large-scale tactical air exercise earlier this month. 25X1 25X1

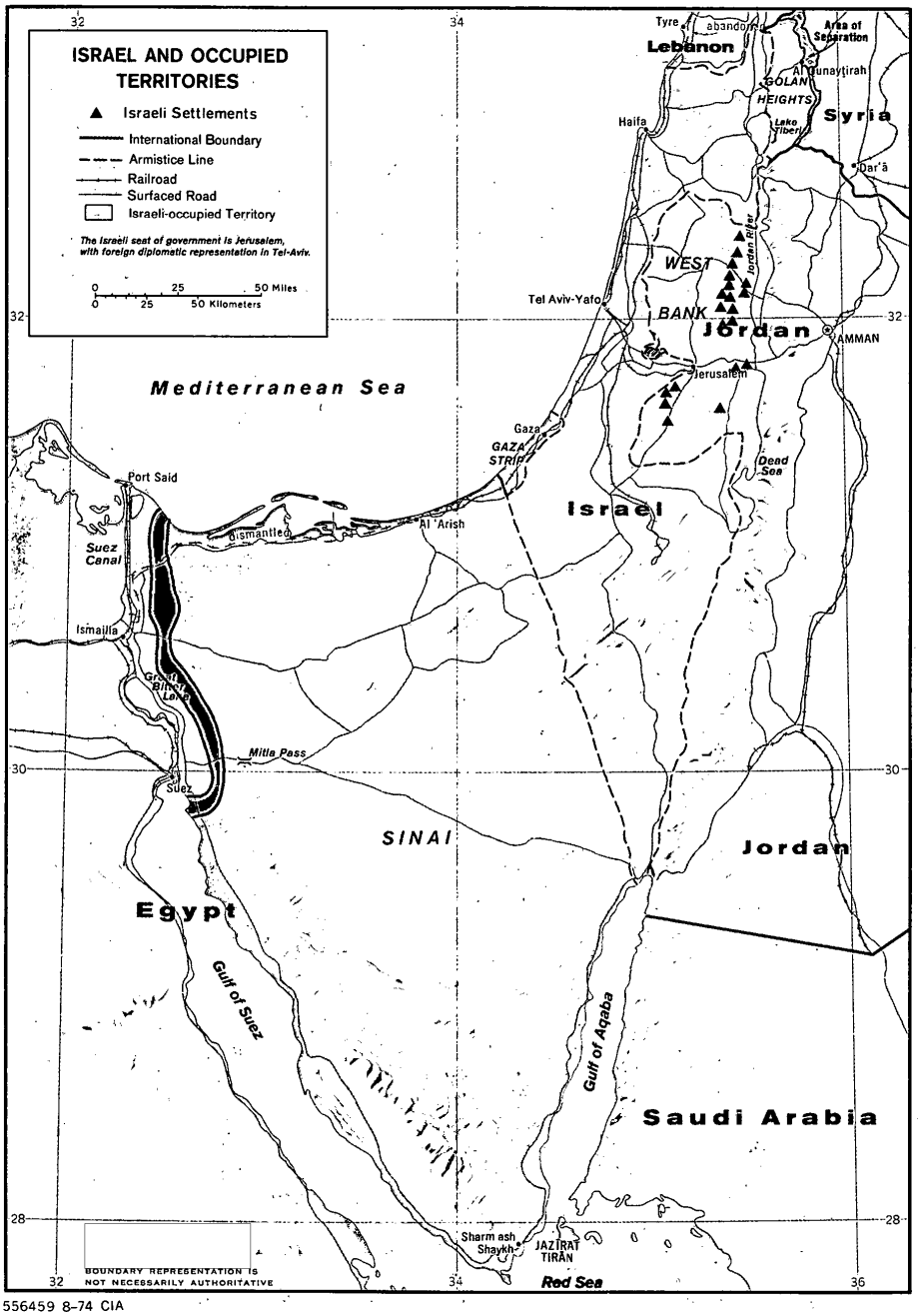
The nationwide mobilization exercise that has been anticipated for several weeks also appears about to take place. "Thousands" of reservists from all military services reportedly are to be recalled for the 24-hour exercise.

* * *

On Tuesday, Egyptian forces fired an SA-7 missile at an Israeli F-4 aircraft flying over the Sinai east of Suez City. According to the Egyptian chief of staff, the missile was fired from the west bank after the Israeli reconnaissance aircraft had penetrated the UN buffer zone. The Israelis lodged a protest with the UN forces claiming that the plane had not crossed the line of separation and was over Israeli-held territory when fired upon.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0



556459 8-74 CIA

25X1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

ARAB PREPARATIONS FOR GENEVA

Arab diplomatic activity is intense as Egypt struggles to achieve a coordinated Arab negotiating position for the Geneva peace talks. In essence, President Sadat is bringing all the pressure he can on the Palestinians to let Jordan take the lead in negotiating Israeli withdrawal from the West Bank of the Jordan. This he sees as the key to any further successful negotiation with Israel.

Egypt is preparing for a tripartite foreign minister - level meeting with Syria and the Palestine Liberation Organization. The meeting may come at the conclusion of Syrian Foreign Minister Khaddam's visit this week to Washington.

--The primary purpose of the meeting will be to urge compromise on the PLO.

--Cairo will try to persuade Syria and the PLO that any hope for a Palestinian state requires that the PLO first accept Jordan's right to negotiate for the return of the Israeli-occupied West Bank.

Egypt's effort to satisfy both Jordanians and Palestinians has antagonized both sides. Syria, which like Egypt is caught in the middle between Jordan and the PLO, is also suspicious of Egypt's motives and only reluctantly accepts Cairo's leadership on the issue.

--Nonetheless the Egyptians have, despite their ambiguities, held to their pledge to allow Jordan to negotiate disengagement on the West Bank.

Sadat apparently has enlisted Saudi Arabia's support for his position; a Saudi envoy has been pressing the Syrians and Algerians to let Jordan negotiate while deferring, but not abandoning, the advancement of Palestinian national claims to the West Bank. Saudi Arabia and Algeria may mediate if the Egyptian-sponsored tripartite meeting runs into difficulty.

25X1

(continued)

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

The next play lies with the Palestinians, however. If they are unwilling to compromise, it is unlikely that other Arabs can be induced to abandon them openly.

25X1

--Algeria is also a key element in the equation. President Boumediene would probably not go along with an ultimatum to the PLO if it refuses to compromise.

25X1

--The Saudis might in the end also back away from harsh action.

25X1

Sadat's ability to avoid a showdown that could leave Egypt standing alone depends on his success in persuading the PLO now that long-term Palestinian interests can only be served by short-term compromise. Yasir Arafat might be willing to see things as Cairo does, but he then must be able to maintain his leadership while he conveys this unpopular position to recalcitrants in his organization.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

SAUDI ARABIA - IRAN

25X1

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

ITALY-GERMANY

West Germany is willing to help Italy secure EC assistance in financing Rome's large balance-of-payments deficit. Specifically German Finance Minister Apel agreed during talks with Italian Treasury Minister Colombo this week to support a three-month extension of Italy's outstanding $1.9-billion short-term EC credit, which expires in mid-September. Apel supports a proposal now being considered by the EC for long-term EC loans for member countries that have balance-of-payments problems and believes other EC members will take favorable action. The two finance ministers also explored the possibility of standby German assistance channeled through the central banks of the two countries.

Chancellor Schmidt is expected to endorse the understandings reached by the finance ministers when he meets Prime Minister Rumor at the end of the month. The slight relaxation in West Germany's attitude follows the Italian parliament's ratification of austerity tax measures last week.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

NOTE

Laos: Prime Minister Souvanna Phouma is scheduled to leave Laos on Sunday for several months of convalescence in France. Souvanna has been making slow but steady progress in recovering from the heart attack he suffered six weeks ago. In the Prime Minister's absence, Communist Deputy Prime Minister Phoumi Vongvichit will serve as temporary leader of the coalition. Although Phoumi is nominally in charge, the political system is so arranged that he would be unable to initiate any abrupt changes. Nevertheless, both Communist and non-Communist members of the government are apprehensive over the effect Souvanna's departure may have on the present political calm. As a result, both may choose to proceed cautiously. The Communists have particular reason to do so since the political situation has been gradually evolving in their favor since the new government was formed last April.

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0

Top Secret

Declassified in Part - Sanitized Copy Approved for Release 2016/07/15 : CIA-RDP79T00936A012200010047-0